

# Dorchester Minerals, LP

## MID-YEAR UPDATE

December, 2018



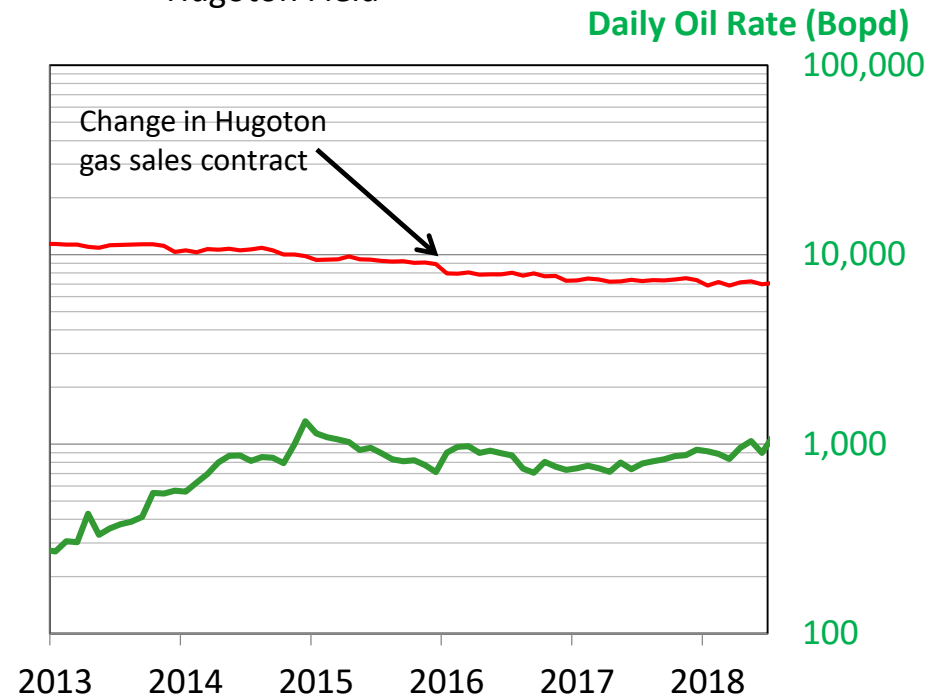
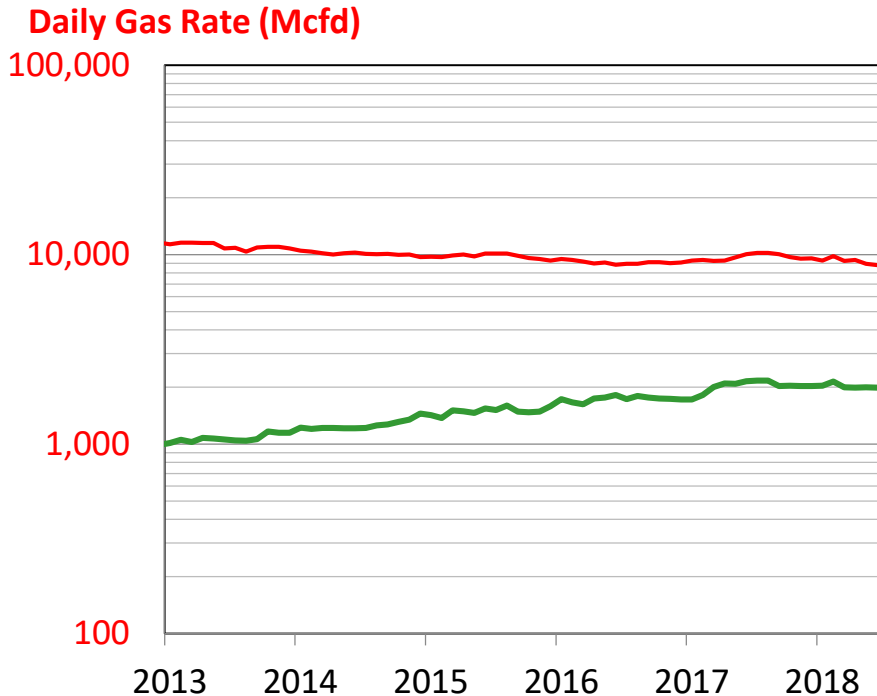
## Royalty and NPI Production

### Royalty Production

- Oil largely driven by robust Midland Basin development
- Gas decline is suppressed by associated gas from Bakken and Permian.

### NPI Production

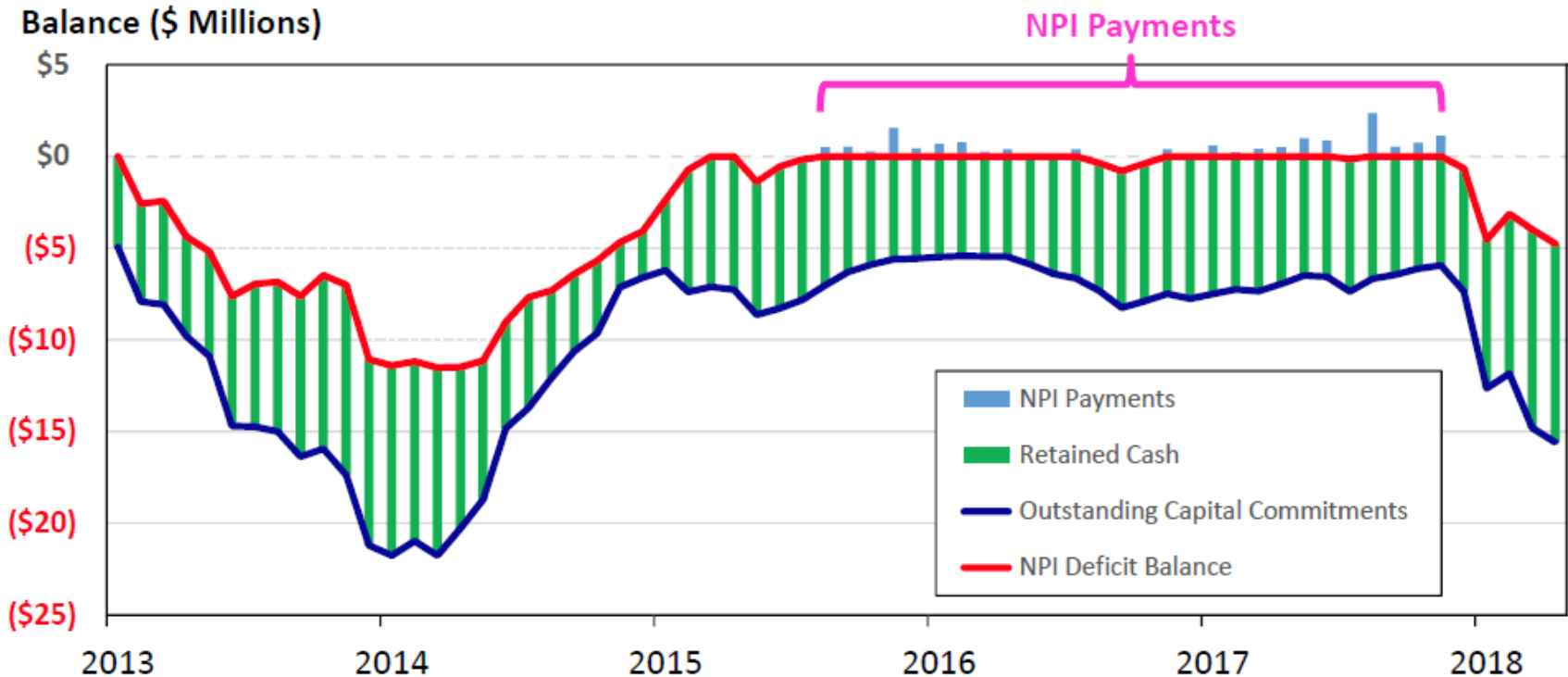
- Oil was driven by Bakken participation and recent contributions from Permian APO interests
- Gas production is dominated by Hugoton Field



## Minerals NPI

Activity from August 2013 through October 2018

- NPI deficits in 2018 are due to 46 new Bakken capital commitments totaling \$15MM
- NPI deficit as of October 2018 is \$4.8MM with \$10.8MM of cash retained for capital commitments
- NPI payments to DMLP for trailing 12 months through October 2018 total \$6.6MM



## Minerals NPI

Trailing 12 Months Activity through October 2018

- Trailing 12 months operating margin of 71%

Trailing 12 Months Revenue	\$26.1 MM
Trailing 12 Months Expenses (LOE, taxes, etc.)	(\$7.7 MM)
<b>Trailing 12 Months Net Operating Income</b>	<b>\$18.4 MM</b>

Trailing 12 Months NPI Payments **\$6.6 MM**

### Outstanding Capital Commitments

#### By Play

Bakken	(\$ 15.5 MM)
Other Basins	(\$ 0.1 MM)
<b>Total Capital Commitments</b>	<b>(\$ 15.6 MM)</b>

#### By Status

Wells in Pay Status	(\$ 2.9 MM)
Wells not in Pay Status	(\$ 12.7 MM)
<b>Total Capital Commitments</b>	<b>(\$ 15.6 MM)</b>

## Bakken/Three Forks

### McKenzie County

- 320 gross ac (104 net ac)
- Average NRI → 3.960% (2,633-acre unit)
- Participated with unleased mineral interest

#### Continental Resources

##### ***Uhlman-Pittsburgh Unit (20 wells)***

4 wells producing – 16 wells spud/WOC

Participated in all producing and proposed wells

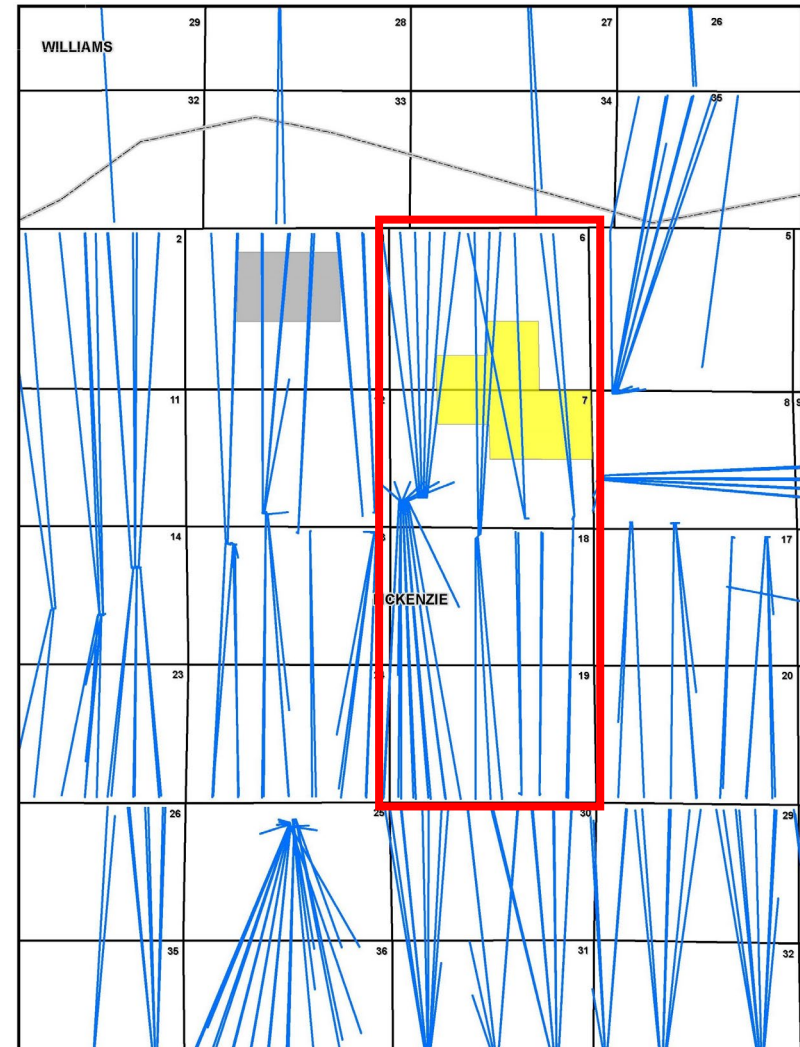
Gross D&C costs per 10,000' well → \$8.4 MM

Middle and Lower Three Forks benches have not been targeted

Uhlman 1-7H (1<sup>st</sup> Prod 2014) → EUR: 1.0 MMboe

##### Recent Results:

- Pittsburgh 3-7H → IP – 3,001 boed - MB (81% oil)
- Uhlman Federal 2-7H1 → IP – 2,870 boed – TF1 (80% oil)
- Uhlman Federal 3-7H → IP – 3,748 boed – MB (81% oil)
- Cumulative 9 month production → 690,000 boe



## Midland Basin

### Northern Upton County

- Leased at all depths in 9,372 gross ac (428 net ac)
- Unleased at various depths in 12,899 gross ac (500 net ac)
- DMOLP has backed-in with full APO working interest in 45 horizontal wells
- 21 additional horizontal wells have been spud but have not reached payout

#### **Parsley Energy**

##### **1) Sebastian 19-18 (6 wells)**

3 wells producing (none in pay) – 3 wells spud  
Average NRI → 14.735% (unleased BPO & leased RI)  
IP – 936 boed (84% oil)  
First full production month → 74,000 boe

##### **2) JRS Farms 22-27 (6 wells)**

6 wells producing (all in pay)  
Average NRI → 2.094% (unleased, APO)  
Cumulative 22 month production → 1,748,000 boe (74% oil)

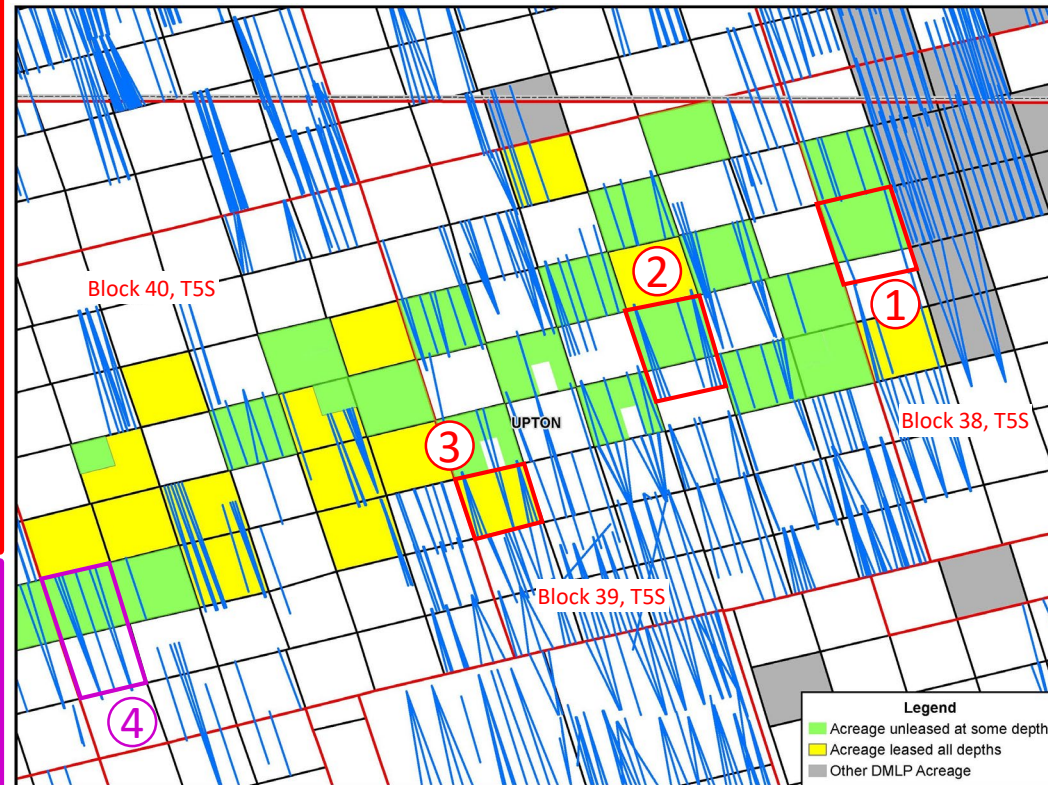
##### **3) Louis (9 wells)**

6 wells producing (all in pay) – 3 permits  
Average NRI → 6.250% (leased RI)  
Cumulative 30 month production → 1,308,000 boe (72% oil)  
Initial wells were 1-mile laterals, new permits are 2-mile laterals

#### **COG Operating**

##### **4) Neal Ranch 42 (6 wells)**

6 wells producing (all in pay)  
Average NRI → 1.650% (unleased BPO, APO & leased RI)  
Cumulative 37 month production → 1,942,000 boe (72% oil)  
Most recent well paid out in 9 months



## Delaware Basin

### Winkler County

- Wolfcamp / Bone Springs
- Varying undivided perpetual mineral interests in 6,400 gross acres in Block 27
- 90% leased/HBP with average NRI of 8.940%
- Recent activity has extended the prospective limits of the Basin to the east
- Current activity contiguous to DMLP position
  - 4 wells producing
  - 22 wells spud/WOC
  - 8 wells permitted not spud (3 on DMLP tracts)
- Limited public production data
- Operators are Felix, Mewbourne, Oasis and Concho
- Complex leasehold ownership makes consolidating units challenging, delaying development

